

Political Actors, Decision-Making Spheres and Pension System Reform

Simone Diniz

Federal University of São Carlos (UFSCar), São Paulo, Brazil

Reforma da Previdência em Perspectiva Comparada: Executivo, Legislativo e Sindicatos na Argentina e no Brasil

(Silva, Sidney Jard da. 2007. São Paulo: Associação Editorial Humanitas/FAPESP)

The book *Reforma da previdência em perspectiva comparada: Executivo, Legislativo e sindicatos na Argentina e no Brasil*, originally a Ph.D. thesis, presents an analysis of trade unionism-government interaction in the pension system reform processes during the administrations of presidents Carlos Menem (1989-1999) of Argentina and Fernando Henrique Cardoso (1995-2002) of Brazil.

The author starts off from the following questions. To what extent can the trade union (TU) movement influence the course of pension system reform? Under what politico-institutional conditions is it more probable that governments decide to include the trade union congresses in a negotiated process of pension system reform? Why do governments decide to include or exclude trade union bodies in the decision-making process of the reform?

The challenge the author faced was understanding why the labour movement was included in the negotiation process in the Argentinian case and why, in the Brazilian case, TU organizations did not manage to be at the table.

According to Jard da Silva, most studies on the trade unionism-government interaction ascribe analytical priority to the activities of the labour movement as a holder of “power resources”, whether through social mobilization (strikes, public demonstrations etc) or by putting pressure on those who decide the path the reforms are to take.

Unions can also intervene in this process by means of representatives present in

decision-making spheres of the reform, such as members of the parliamentary caucus of trade unionists and officeholders in the state bureaucracy.

As pointed out by the author, the two possibilities are not mutually exclusive, but it does make a difference if unions have representatives placed inside the decision-making spheres of the reform process or only exert pressure on the actors with institutional veto power. In order to answer the questions posed, it would not be enough just to analyse the particular characteristics of the system of intermediation of interests. He opted for another course: analysing the work of representatives of the labour movement, the so-called “trade unionist caucus”, in the decision-making spheres. It was necessary to investigate those aspects related to the politico-institutional arrangements that delimit TU participation in the decision-making process of the reforms.

The premise implicit in this choice is that lawmakers linked to the labour movement can defend the interests of those it represents in Congress and, in this sense, the caucus of unionist deputies can constitute a political actor with the capacity to block — totally or in part — any bills making their way through the legislative arena.

The influence of works by Immergut (1996)¹ and Tsebelis (1997)² on the research developed by Jard da Silva is manifested through his recurring use of notions such as “veto points” and “actors with veto capacity”. However, unlike Immergut and Tsebelis, who analyse interest groups from a perspective external to the decision-making spheres, Jard da Silva’s research turns to the activities of interest groups through their representatives within this decision-making process, in the legislature. Hence, the following are highlighted: i) the performance of “trade union representatives” within decision-making spheres, especially those charged with deliberating on proposals forwarded by the government, such as the permanent committees (in the Argentinian case), or the special committee (in the Brazilian case); and ii) the rules of the decision-making process that can — or cannot — concentrate more agenda power in the hands of the Executive.

The book is organized in two parts, each with two chapters. The introductory chapter of the first part relates pension system reforms conducted in Latin America in the late twentieth and early twenty-first centuries. The following two chapters show that Argentina and Brazil took different paths with regard to the reform of their pension system policies, in spite of certain similarities in relation to union organization and to the pension system initially set up in the two countries. Chapter I, titled “The Argentinian Structural Model”, describes the evolution of the Argentinian pension system and demonstrates that this country opted for substituting the public system by the mixed system (public and private). Chapter II, titled “The Brazilian Parametric Model”, points out that Brazil limited itself to making parametric adjustments to the existing public system.

Part II, made up of another two chapters, one devoted to the Argentinian, the other

to the Brazilian reform process (Chapter III – Union-Government Interaction in the Argentinian Reform; Chapter IV – Union-Government Interaction in the Brazilian Reform), is the heart of the research.

In these chapters, the author identifies the politico-institutional conditions that favoured the emergence of a pattern of negotiation, in the case of Argentina, and explains why the same process ended up being discarded in the Brazilian case — although initially activated by President Fernando Henrique Cardoso —, leading to the exclusion of TU organizations from the decision-making process of the reform.

Chapter III shows that the Argentinian government's initial proposal intended to transfer the role of principal agent in the provision of pension-system benefits from the State to the private sector. What was arrived at in the end was a mixed system. The negotiation resulted neither in the labour movement's proposal, nor in that of the government, a clear indication that both sides made concessions. What led the Menem government to enter into a negotiation with the trade union movement?

In the author's eyes, the strategic location of the trade unionist caucus in the legislative committees charged with analysing the reform project was of fundamental importance to the start of a negotiated reform process between the Menem government and the CGT (General Workers' Congress).

For one to be clear on this process, it is necessary to understand how decision-making is organized in the Argentinian legislative arena.

President Menem's proposal began making its legislative path through the Chamber of Deputies. In this House, two committees were to opine on the matter, the Social Security Committee and the Budget Committee, the latter due to the government project's effect on the State tax structure.

It is worth stressing that in Argentina permanent committees are compulsory routes for deliberation on legislative proposals. For a bill to reach the Plenary for consideration without prior deliberation by the committees, it must have the support of 2/3 of the parliamentarians and the presence of representatives of the Executive. It is therefore significantly difficult to evade committees' deliberation on a particular matter, which makes them an important decision-making sphere in the deliberative process.

This aspect must be taken into consideration in conjunction with the internal make-up of these spheres, and this is a central feature of Jard da Silva's analysis. The unity of the parliamentary group of the president's party (PJ – Partido Justicialista) in the committees was of fundamental importance if the Executive was to succeed in obtaining a favourable opinion. In the Social Security Committee, the PJ had 12 of the 25 seats, whilst in the Budget Committee it had 17 out of 34. In other words, even if the PJ voted en bloc, the government would need the support of other parties.

As well as not having enough support within its own party, the government had to deal with seven dissident deputies that were part of the union bloc and opposed the reform project.

In Jard da Silva's eyes, unions had their negotiation capacity strongly leveraged, for they could count on representatives located inside the legislative committees charged with analysing the pension system reform proposal. This strategic location ensured to the unionist deputies greater power than corresponded to their actual number, both in the Chamber of Deputies and within the PJ caucus itself.

Given that the political price for the government of taking the matter directly to the Plenary for deliberation was high, there remained no alternative but to enter into a process of negotiation with trade union bodies, so as to win over the support necessary for the approval of the reform proposal by the members of the committees charged with its examination.

Chapter IV, *Union-Government Interaction in the Brazilian Reform*, identifies the politico-institutional conditions that favoured the brief inclusion of the Brazilian trade union congresses in a negotiation of pension system reform, and explains the main reasons for their subsequent exclusion from the decision-making process.

For the author's arguments to be duly understood, it is necessary to bear in mind some specificities of the legislative path of the Brazilian draft pension system reform. The first point to highlight is the fact that, unlike the Argentinian case, the reform demanded a change in the constitutional text. This implied, initially, an opinion on the part of the Constitution and Justice Committee (CCJ), which has the prerogative of deliberating on the constitutionality of the matter and, to this end exclusively, forms a special committee.

At the Constitution and Justice Committee, the Fernando Henrique Cardoso government suffered its first defeat. The Committee decided to divide the proposal into four different amendments, arguing that the original text referred to different articles of the Constitution. In fact, it was an artifice used by the pro-government bloc to admit the "partial constitutionality" of the amendment, thus avoiding its outright rejection and the consequent filing away of the proposal.

After the approval of the CCJ, the next step was deliberation by the Special Committee, a forum at which the Executive faced strong opposition within its own bloc of supporters. The so-called "trade unionist caucus" did not have significant importance in the deliberation, as it had only five members, four of the opposition and one pro-government, out of a total of 30 deputies. The government depended on the cohesion of its support base in order to be successful.

For the author, dissidence in the pro-government bloc is what explains the fact that the Executive called upon union organizations to take part in the decision-making process of the reform. He argues that the government used the agreement with union congresses as a way

to overcome resistance within its support base inside the Special Committee. “Union support would serve as an alibi in favour of the project of the Executive” (Silva 2007, 194).

The participation of the trade union congresses was not sufficient to generate the consensus necessary for the approval of the reform. Under the allegation that the procedural time allocation for deliberation on the proposal had expired, the government, with the endorsement of the pro-government party leaders and the Speaker of the Chamber of Deputies, managed to take the proposal to the Plenary for deliberation.

The “pro-government manoeuvre” generated even greater discontent, resulting in the rejection of the proposal. The government found a new way out: an *Emenda Aglutinativa Substitutiva* (a substitute amendment proposal, bringing together more than one previous proposal) introduced by Deputy Michel Temer and passed by the House.

The proposal then went before the Federal Senate. Here, the government could count on a more cohesive support base, which meant that certain aspects that had been altered by the Chamber of Deputies could be taken up again. The fact that the lack of cohesion of the allied parties had been overcome and the impossibility of the Special Committee actually becoming a veto point led the government to give up on the inclusion of the trade union congresses in the negotiation process.

In short, Jard da Silva’s research stresses the fact that the strategic location of the Argentinian trade unionist caucus in the decision-making spheres of the legislative process and within the pro-government bloc itself obliged the Menem Government to meet its main demands. The committees charged with examining the government proposal became “veto points”. Unlike Argentina, in Brazil the Executive had at its disposal resources that allowed it to take the deliberation of the proposal to the Plenary of the Chamber, to the detriment of the Special Committee. Furthermore, the trade unionist caucus did not have the power to block the path of the reform through the Legislative, thus not being able to perform the role of actor with veto capacity within the governing coalition.

Reforma da previdência em perspectiva comparada provides the field of comparative research in Brazil with a significant contribution. It constitutes compulsory reading for all those interested in policy reforms and in decision-making processes in the legislative arena.

Notes

- 1 Immergut, Ellen M. 1996. As regras do jogo: A lógica da política de saúde na França, na Suíça e na Suécia. *Revista Brasileira de Ciências Sociais* 30 (11): 139-165.
- 2 Tsebelis, George. 1997. Processo decisório em sistemas políticos: Veto players no presidencialismo, parlamentarismo, multicameralismo e pluralismo. *Revista Brasileira de Ciências Sociais* 34 (12): 89-117.